

April 1, 2024

The Honorable Jeff Gee, Mayor
The Honorable Lissette Espinoza-Garnica, Vice Mayor
The Honorable Alicia C. Aguirre, Councilmember
The Honorable Kaia Eakin, Councilmember
The Honorable Diane Howard, Councilmember
The Honorable Elmer Martinez Saballos, Councilmember
The Honorable Chris Sturken, Councilmember
City of Redwood City, California
1017 Middlefield Road
Redwood City, CA 94063

RE: Agenda Item 9A

Dear Mayor Gee, Vice Mayor Espinoza-Garnica and Members of Council:

On your agenda for today's Council meeting, Item 9A is a review of community satisfaction and public opinion surveys that have informed City staff's recommendation to ask Council to, "[...]direct staff to further research the feasibility of asking voters to consider changing the City's Business License Tax to a gross receipts model and suspend further research on the feasibility of asking voters to consider a Real Property Transfer Tax on the November 2024 Ballot."

On behalf of the hundreds of businesses in Redwood City that are represented by Chamber San Mateo County, I want to express our concerns with staff's recommendation, the process that has led to this proposal and to call your attention to the following issues:

- 1. Rush to the Election.** The Chamber believes that there has been a rush to the conclusion of requesting direction from Council to staff to begin polling on a business license tax model change to gross receipts, thus increasing taxes. An artificial timeline of when to propose a ballot measure is guiding decision-making processes and creating a truncated evaluation process out of expediency rather than meaningful stakeholder engagement and coming to balanced conclusions that are transparent, fair and necessary.
- 2. Exclusion of the Business Community.** There appears to be a disinterest by the City in gathering meaningful feedback from the business community. Neither the community survey, nor the poll engaged the business community broadly, or individual businesses specifically, in getting their feedback about community issues of concern to them or their opinions about and impact of proposed tax measures. Responses came from city residents only. This intentional exclusion of businesses is concerning, disappointing and disrespectful, and limits Council's ability to make data-informed decisions. Further, it maligns a key stakeholder – the city's businesses (those who support and strengthen our economy) – by ignoring their existence and perspectives.

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- 3. More Revenue instead of Less Spending.** Rather than first proposing to review and recommend reductions in City spending, staff asked Council to explore tax and fee increases instead. At the very least, it should have been expected that spending reductions would have been explored in tandem with revenue increases. However, staff are now only offering Council an alternative to study spending reductions after a process has been facilitated to lead Council to believe that a business license tax increase is the best approach to take in filling City budget gaps. On its face, it appears that this process had an answer in search of a question.
- 4. Incomplete Data.** City staff's recommendation is based on polling regarding the potential tax and fee measures, but the result of that polling is limited because polls do not allow for the type of engagement that is important to contextualize issues. The poll questions (and associated elaborations) are based on faulty assumptions, including that businesses do not already pay their fair share, and that "annual taxes on Redwood City residents" will not increase, yet the cost of levied taxes will likely be passed on to customers.

Chamber San Mateo County prides itself on being a good partner, collaborator and supporter of the City of Redwood City – including past support for City revenue ballot measures. Unfortunately related to this potential ballot measure, the City has kept the Chamber and businesses of all sizes at a distance in evaluating these tax measures and that distance has led to the City pursuing a path that is not consistent with our past collaborations.

To be clear, Chamber San Mateo County wants to work in partnership with the City to reach a solution that meets the City's needs and mitigates the impact on our member businesses. Therefore, we encourage Council to slow down the process on this matter and take appropriate time to engage all stakeholders in a meaningful way. Further, we would recommend Council direct staff and invite the Chamber to establish a formal working group to collect data on the highest revenue- and tax-generating businesses in the city and gather meaningful feedback from those businesses to inform the Council on this important matter.

I appreciate your consideration of these concerns and recommendations and welcome the opportunity to discuss these matters with you at your earliest convenience.

Sincerely,



Amy N. Buckmaster
President & CEO

C: Melissa Stevenson-Diaz, City Manager, City of Redwood City
Michelle Poché Flaherty, Assistant City Manager, City of Redwood City
Patrick Heisinger, Assistant City Manager, City of Redwood City
Jennifer Yamaguma, Deputy City Manager, City of Redwood City
Jeff Schwob, Community Development Director, City of Redwood City
Lennies Guterrez, Chair of the Board, Chamber San Mateo County
Board of Directors, Chamber San Mateo County